

September 11, 2012

VIA ELECTRONIC FILING

The Honorable Jocelyn Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

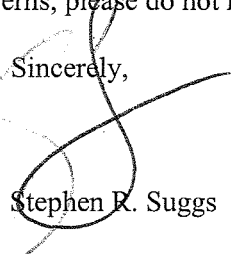
RE: Application of South Carolina Electric & Gas Company for Increases and Adjustments in Electric Rate Schedules and Tariffs and Request for Mid-Period Reduction in Base Rates for Fuel

Docket No. 2012-218- **Testimony and Exhibits of Ralph C. Smith on behalf of AARP**

Dear Ms. Boyd:

Attached herewith for electronic filing please find the Testimony and Exhibits of Ralph C. Smith on behalf of AARP in the above referenced matter. By copy of this letter I am serving all parties of record to this matter. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,


Stephen R. Suggs

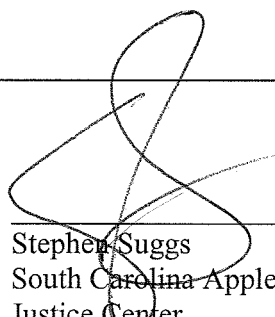
cc: Nanette S. Edwards
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the **Testimony and Exhibits of Ralph C. Smith** on behalf of **AARP**, in Docket No. 2012-218-E has been served on this 26th day of October, 2012 by electronic mail addressed to the parties of record as follows:

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This 26th day of October, 2012



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BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION

In the Matter of:

Application of South Carolina Electric & Gas)	
Company for Increases and Adjustments in)	Docket No. 2012-218-E
Electric Rate Schedules and Tariffs)	

DIRECT TESTIMONY

AND EXHIBITS

OF

RALPH C. SMITH

ON BEHALF OF AARP

October 26, 2012

**DIRECT TESTIMONY OF
RALPH C. SMITH
ON BEHALF OF AARP
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Attachments and Exhibits:

Appendix RCS-1, Qualifications and Experience

Exhibit __ (RCS-1), Copy of SCE&G's "Electric WNA Update" May 2, 2012

Exhibit __ (RCS-2), Selected Copies of Customer Complaints Regarding eWNA

Exhibit __ (RCS-3), Illustration of Concept of Monthly Limit on eWNA Bill Increases

Exhibit __ (RCS-4), Adjustments to SCE&G's Rate Base and Operating Expenses

Exhibit __ (RCS-5), Copies of Selected Responses to Data Requests

**DIRECT TESTIMONY
OF
RALPH C. SMITH

ON BEHALF OF
AARP**

Docket No. 2012-218-E

I. INTRODUCTION

Q. WHAT ARE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS?

A. My name is Ralph C. Smith, and my business address is 15728 Farmington Road, Livonia, Michigan 48154. I am a certified public accountant and a senior regulatory utility consultant with the firm of Larkin & Associates, PLLC, certified public accountants and regulatory consultants.

Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THE COMMISSION?

A. Yes. I presented testimony before the Commission in a prior electric rate case involving South Carolina Electric and Gas Company ("Company" or "SCE&G") Docket No. 95-1000-E. I have also presented testimony in SCE&G Docket No. 2004-178-E on behalf of the Department of the Navy, Utility Rates Analysis and Studies Office. That case was settled.

Q. HAVE YOU PREPARED AN APPENDIX THAT DESCRIBES YOUR QUALIFICATIONS AND EXPERIENCE?

1 A. Yes. I have attached Appendix RCS-1, which summarizes my experience and
2 qualifications.

3
4 Q. ON WHOSE BEHALF ARE YOU APPEARING?

5 A. I am testifying on behalf of AARP, a nonprofit, nonpartisan social welfare organization
6 for people aged fifty and over. AARP assists people aged 50 and over to have
7 independence, choice and control in ways that are beneficial and affordable to them and
8 society as a whole. AARP staffs offices in all 50 states, the District of Columbia, Puerto
9 Rico, and the U.S. Virgin Islands. Nationally, AARP has millions of members, including
10 approximately 550,000 members residing in South Carolina, many of whom would be
11 impacted by the Commission's decision in this case.

12
13 Q. PLEASE DESCRIBE THE TASKS YOU PERFORMED RELATED TO YOUR
14 TESTIMONY IN THIS CASE.

15 A. I obtained and reviewed data and performed other procedures as necessary to (1) obtain
16 an understanding of the Company's rate filing package as it relates to the issues I am
17 addressing and (2) formulate an opinion concerning the reasonableness of amounts for
18 issues I am addressing that are included within the Company's application for electric rate
19 increases. In doing so, I examined SCE&G's filing, and requested and reviewed data and
20 supporting calculations.

21
22 Q. HAVE YOU PREPARED ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?

1 A. Yes. I have prepared five exhibits that are being filed with my testimony. Exhibit
2 ____ (RCS-1) contains SCE&G's presentation of its "Electric WNA Update" that the
3 Company presented to the Commission on May 2, 2012. Exhibit ____ (RCS-2) presents a
4 sampling of customer complaints about the e-WNA. Exhibit ____ (RCS-3) presents an
5 illustration of the concept of limiting monthly eWNA increases on a customer's bill.
6 Exhibit ____ (RCS-4) presents quantifications of adjustments I am recommending be made
7 to SCE&G's proposed rate base and adjusted net operating income. Exhibit ____ (RCS-5)
8 presents copies of responses to discovery that are referenced in my testimony.

9
10 Q. WHAT ISSUES WILL YOU BE ADDRESSING IN YOUR TESTIMONY?

11 A. My testimony addresses these issues:

- 12 • The e-WNA (electric weather normalization adjustment)
- 13 • Certain adjustments to SCE&G's proposed rate base and net operating income

14
15 Q. DO YOU AGREE WITH ALL OF THE OTHER PRO FORMA ADJUSTMENTS
16 PROPOSED BY SCE&G?

17 A. No. I have only addressed the specific issues listed here that were identified as
18 significant to AARP that could be addressed within the budgetary and time constraints
19 allotted for the current SCE&G rate case. As other parties, such as the Office of
20 Regulatory Staff ("ORS"), or other interveners raise issues and present testimony there
21 may be other issues of significance to the AARP that come to light.

22

II. ELECTRIC WEATHER NORMALIZATION ADJUSTMENT (e-WNA)

Q. WHAT IS THE E-WNA?

A. The e-WNA is a pilot program for an electric weather normalization adjustment to monthly customer bills that was started in August 2010 as a result of the Commission's Order No. 2012-471 in Docket No. 2009-489-E, which approved a stipulation and rate increase. The purpose of the e-WNA is to mitigate fluctuations in customers' monthly bills caused by abnormal weather. The e-WNA applies to residential and commercial customers receiving electric service under rate schedules 1, 6, 8 and 9. Industrial customers are excluded because their loads are viewed as not being particularly weather sensitive. Under the pilot e-WNA program, the energy rates for customers on the applicable rate schedules are adjusted upward or downward to reflect normal weather conditions, which are determined using the average temperature over the most recent fifteen-year period for which data is available. In Docket No. 2009-489-E, SCE&G testified that its customers would benefit from the e-WNA because their bills will be more predictable and abnormally high bills during periods of extreme heat or cold weather would be reduced.¹ The Company benefits because the revenue margins from operating its system would not be weather-sensitive. The e-WNA was thus intended to help stabilize rates for customers and to stabilize the earnings of the Company. Upon the conclusion of the twelve-month pilot period, SCE&G was required to file a comprehensive report with the Commission and ORS showing the aggregate impact and conclusions for the future of the program. After the comprehensive report is filed, Order No. 2010-471 also provided that either SCE&G or ORS may petition the Commission to modify or terminate the e-WNA.

¹ See, e.g., Order No. 2010-471 at page 40.

1

2 Q. WHAT HAS SCE&G FILED IN TERMS OF THE COMPREHENSIVE REPORT
3 THAT WAS REQUIRED BY ORDER NO. 2010-471?

4 A. SCE&G filed a presentation and made a briefing before the Commission on May 2, 2012
5 concerning the Electric WNA. A copy of that presentation is included in Exhibit
6 ____ (RCS-1).

7

8 Q. WHAT DOES THAT PRESENTAION STATE AS THE BASIC IDEA FOR THE
9 EWNA?

10 A. Page 4 summarizes the basic ideas behind the eWNA as follows:

- 11 • When weather is abnormal, customers use more or less kWh than normal.
- 12 • eWNA adjusts the rate per kWh.
- 13 • Results: Customers pay a "normal" bill.
- 14 • eWNA applies to the non-fuel part of the bill.

15

16 Q. HOW DOES THE REPORT ILLUSTRATE THE IMPACT OF THE EWNA ON THE
17 PARTICULAR CUSTOMER?

18 A. Pages 7-9 cite examples of a particular customer's experience. The higher bills resulting
19 from the eWNA in January through March of 2012 appear to have resulted in an increase
20 of customer inquires/complaints about the eWNA, as discussed below.

21

22 Q. HAS SCE&G IDENTIFIED ITS CUSTOMER EDUCATION EFFORTS FOR EWNA?

1 A. Yes. Pages 11-24 of SCE&G's presentation includes various materials being used by
2 SCE&G to educate customer and employees about the eWNA, including a variety of
3 SCE&G communication about the eWNA. Pages 26-37 presents information on SCE&G
4 customer service, focusing on eWNA issues. Notably, page 29 states: "Our Customers
5 Want Options." However, the pilot eWNA does not currently offer the customer an
6 option. Page 29 indicates that the billing options offered by SCE&G include budget
7 billing and paperless billing.

8
9 Q. HAVE THERE BEEN CUSTOMER INQUIRIES/COMPLAINTS ABOUT THE
10 EWNA?

11 A. Yes. Page 36 lists the number and types of inquiries/complaints related to eWNA from
12 August 2010 through March 2012, including a category: "request to opt out." Notably,
13 SCE&G shows 293 inquiries/complaints in 2010, 172 in 2011 and 1,156 in January-
14 March 2012. The substantial increase in customer inquires/complaints in January-March
15 2012 suggests that the eWNA is an important concern for many of SCE&G's customers.
16 Page 37 lists the "Top Five Questions about eWNA" with the second one of those being:
17 "Can I opt out of eWNA?"

18
19 Q. HAVE ADDITIONAL CUSTOMER BILLING QUESTIONS AND COMPLAINTS
20 BEEN ATTRIBUTED TO THE EWNA?

21 A. Yes. As noted above, page 36 of SCE&G's May 2, 2012 presentation shows customer
22 inquires/complaints about eWNA from August 2010 through March 2012. The following

table (which was provided by ORS to AARP) summarizes the number of customer inquiries/complaints logged by ORS, since the inception of eWNA:

MONTH	2010	2011	2012	TOTAL
January	N/A	0	27	
February	N/A	0	29	
March	N/A	0	4	
April	N/A	0	7	
May	N/A	1	0	
June	N/A	0	4	
July	N/A	0	16	
August	7	0	4	
September	4	0	2	
October	0	0	2 (as of 10/10/12)	
November	0	0		
December	0	2		
TOTAL	11	3	95	109

Q. WHAT HAVE BEEN SOME OF THE SPECIFIC CUSTOMER COMPLAINTS ABOUT THE E-WNA?

A. Customer inquiries/complaints about the e-WNA were provided by ORS to AARP. Selected illustrative complaints are presented in Exhibit ____ (RCS-2), with customer specific identification information having been redacted. The customer reaction to the e-WNA contained in those complaints has identified a number of concerns, including the following:

1. Customers perceive the e-WNA as a Commission-imposed budget billing plan.²
2. Customers want the option to "opt out" of the e-WNA.³

² See, e.g., Exhibit ____ (RCS-2), pages 1, 2, and 26.

³ Id., at pages 2, 7, 10, 12, and 29.

3. Customers do not like the fact that the rate is constantly adjusting; the fluctuations in the monthly electric rate is perceived as electric rate instability.⁴

4. Customers perceive the e-WNA rate as being anti-conservation, citing situations where their usage has decreased but the bill increased due to e-WNA.⁵

5. Customers perceive monthly e-WNA charges that increase their electric bill as rate increases that can be substantial in a given month.⁶

These customer concerns are thus similar to SCE&G's listing of the "Top Five Questions About eWNA" shown on page 37 of the Company's May 2, 2012 presentation to the Commission.⁷

Q. WHAT RECOMMENDATIONS DO YOU HAVE CONCERNING THE E-WNA?

A. I have the following recommendations concerning the e-WNA:

1. The e-WNA should be discontinued. An orderly wind-down should be conducted to address any over- or under-collections resulting from the e-WNA.
2. If the e-WNA is not terminated, two types of modifications should be made. First, customers should be given the option to "opt out" of the e-WNA. Second, a limitation should be imposed upon the rate increase that a

⁴ Id., at pages 4, 7, 10, 11, 17, 24, and 27.

⁵ Id., at pages 5-6, 7, 9, 12, 14, 15, 17, 18, 20, 22, 24, 26, and 27.

⁶ Id., at pages 9, 11, 15, 20, 22, and 27.

⁷ See Exhibit ___ (RCS-1)/

1 participating customer experiences in any given month resulting from e-
2 WNA.
3

4 Q. PLEASE EXPLAIN WHY THE E-WNA SHOULD BE DISCONTINUED AND THE
5 CONSIDERATIONS FOR THE WIND-DOWN PROCESS.

6 A. The e-WNA was implemented as a pilot program. Automatic weather normalization
7 adjustments are not common in the electric utility industry. The results of experience to
8 date show a variety of customer concerns. The program has a number of flaws, including
9 perceived electric rate instability and credits and produces charges on SCE&G's electric
10 bills that customers find unpredictable and confusing. Because the pilot implementation
11 of the e-WNA will have resulted in either over- or under-collections from customers
12 versus traditional electric rates, as part of the discontinuance of this program the
13 Company should be instructed to conduct an orderly wind-down that results in the
14 elimination of any over- or under-collected balances. This should be done in a manner
15 that does not inflict rate shock on individual customers. A period of six to 24 months
16 may be sufficient for the orderly wind-down of the pilot e-WNA program, and could be
17 calibrated depending on whether an under-collected balance exists and the size of that
18 balance. Ideally, the termination of the e-WNA can be managed such that it would
19 terminate at a time when it was roughly in balance (i.e., when it did not show either a
20 large over- or under-collection). In other words, the e-WNA could be allowed to run
21 until the current deficit amount was neutralized from the operation of the e-WNA itself
22 and then once the total under-collection got close to zero, the program would terminate

1 and the minor amount of under- (or over-) recovery at that point could be orderly wound
2 down over a relatively short period.

3
4 Q. PLEASE EXPLAIN THE RECOMMENDATION THAT CUSTOMERS BE GIVEN
5 THE CHOICE OF "OPTING OUT" OF THE E-WNA.

6 A. As noted above, customers want a choice as to whether to participate in alternative billing
7 programs, such as budget billing or the e-WNA. Providing customers a choice as to
8 whether or not to participate in the e-WNA would be responsive to a significant category
9 of customer complaints about this rate adjustment mechanism.

10
11 Q. PLEASE ILLUSTRATE THE CONCEPT OF "A LIMITATION SHOULD BE
12 IMPOSED UPON THE RATE INCREASE THAT A PARTICIPATING CUSTOMER
13 EXPERIENCES IN ANY GIVEN MONTH RESULTING FROM E-WNA."

14 A. Exhibit___(RCS-3) contains two illustrations of how the monthly e-WNA billings could
15 be limited so a customer would not experience a large increase in their bill in a particular
16 month due to the e-WNA. The illustrative examples are based on the Summary of a
17 Customer's Experience, from page 9 of SCE&G's May 2, 2012 presentation⁸, which
18 shows the monthly bill and impact of the e-WNA on an illustrative customer for the
19 period of August 2010 through March 2012. To illustrate the concept, calculations are
20 presented using a monthly limit of 5% (on page 1) and 7.5% on page 2. The e-WNA
21 increase in a given month would be limited to that percentage increase. In months where
22 the limitation was applicable, the amount not collected would be deferred and collected in
23 subsequent months when there was room under the limitation percentage.

⁸ As noted above, the SCE&G presentation is attached to my testimony in Exhibit___(RCS-1).

1
2 Q. DO YOU HAVE ANY OTHER OBSERVATIONS FROM THE ILLUSTRATIVE
3 EXAMPLES OF THE E-WNA BILL INCREASE LIMITATION PRESENTED IN
4 EXHIBIT__(RCS-3)?

5 A. Yes. A monthly bill limitation could function as an improvement to the pilot e-WNA,
6 and would provide for a consumer protection against experiencing high e-WNA rate
7 increases in a particular month. Obviously, the imposition of a limit on e-WNA monthly
8 increases would add an additional element to the customer bill calculations, and thus
9 increase complexity. In that regard, this recommendation is regarded as something that
10 should be considered if the e-WNA is continued, but it would be preferable to
11 discontinue the pilot e-WNA as described above. Additionally, if the e-WNA is
12 continued, to allow customers who do not like the eWNA to opt out of that rate design
13 and have their bills for electric service be computed without an eWNA.

14
15 Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS CONCERNING THE EWNA.

16 A. My primary recommendation is that the pilot e-WNA be discontinued and an orderly
17 wind-down over an appropriate period be undertaken to address any over- or under-
18 collected e-WNA balances that remain at the date of termination. At the end of the wind-
19 down period, SCE&G's customers would be billed based on traditional electric utility
20 rate design, without an e-WNA electric rate adjustment or any surcharges related to over-
21 or under-recovered e-WNA balances that existed at the date of e-WNA pilot program
22 termination.

1 As secondary recommendations that would apply only if the e-WNA program is
2 not terminated, I recommend that a limitation factor (such as 5%) on the monthly
3 customer bill increase that could be produced by e-WNA in any given month be
4 incorporated into the e-WNA, with amounts over the limit being deferred for future
5 collection when e-WNA charges would be below the limit. I also recommend that
6 customers who do not want to participate in the e-WNA be provided with a choice of
7 opting out of the e-WNA.
8

9 **I. ADJUSTMENTS TO SCE&G'S REQUESTED RATE BASE AND**
10 **OPERATING EXPENSES**

11 Q. ARE YOU RECOMMENDING ANY ADJUSTMENTS TO SCE&G'S REQUESTED
12 RATE BASE AND OPERATING EXPENSES?

13 A. Yes. I am recommending some adjustments to SCE&G's requested operating expenses,
14 which are discussed below.
15

16 ***1. Storm Reserve Fund***

17 Q. PLEASE DISCUSS THE STORM RESERVE FUND.

18 A. In Docket No. 1995-1000-E, the Company proposed a Storm Reserve Fund which would
19 help offset the potential financial impact of a major hurricane or other catastrophic
20 occurrence. This reserve can be applied to offset incremental storm damage costs in
21 excess of \$2.5 million in a calendar year. The fund was originally capped at \$50 million
22 but was increased to \$100 million in Order No. 2007-680. In the past few years,
23 however, the fund has been used to not only pay for storm restoration costs, but also for
24 tree trimming and storm insurance premiums.

1
2 Q. WHAT HAS SCE&G PROPOSED FOR STORM RESERVE FUND ACCRUALS IN
3 THE CURRENT CASE?

4 A. SCE&G proposes to resume charging ratepayers for a \$6.054 million annual storm
5 reserve accrual.⁹

6
7 Q. WHAT IS THE CURRENT LEVEL OF THE STORM RESERVE?

8 A. SCE&G's testimony indicates that the current level of the storm reserve is approximately
9 \$30.1 million.¹⁰

10
11 Q. SHOULD SCE&G'S RATES BE INCREASED IN THE CURRENT CASE FOR
12 CHARGES TO RATEPAYERS FOR STORM RESERVE FUND ACCRUALS OF
13 \$6.054 MILLION ANNUALLY?

14 A. No. The Storm Reserve Fund is adequate to cover the Company's average withdrawals,
15 based on recent years. The Company's estimates that annual damage to SCE&G's T&D
16 assets from hurricanes to be \$7.8 million per year.¹¹ It should be noted that this is an
17 average of all storm damage expectations over many years based on experience from
18 Hurricane Hugo, and is not expected to occur every year. If damages were \$7.8 million a
19 year, the reserve fund is sufficient to cover more than three years of these costs based on
20 the estimated year-end balance, approved withdrawals and the Company's self-imposed

⁹ See, e.g., Direct Testimony of SCE&G Witness William Kissam, at pages 27-28; Direct Testimony of SCE&G Witness Jimmy Addison at pages 7-8; Direct Testimony of SCE&G Witness James E. Swan, IV, at page 23. Also see SCE&G's Adjustment No. 27 and the Company's response to AARP 1-106.

¹⁰ See, e.g., Direct Testimony of SCE&G Witness Steven P. Harris, at pages 5-6; and Direct Testimony of SCE&G Witness Swan, at pages 10-11.

¹¹ See, e.g., Direct Testimony of SCE&G witness Harris, at pages 4-5, and Exhibit No. ____ (SPH-1) at page v.

deductible. Since 2007, the Company has applied approximately \$4.329 million in storm restoration costs against the reserve. In this scenario the reserve fund is sufficient to cover several more years of storm restoration costs.

Taking into consideration, the current reserve balance of more than \$30 million and the Company's yearly average withdrawal related to storm restoration costs, continuing the suspension of Storm Reserve Fund collections will assist ratepayers while minimally impacting the reserve. Therefore, I recommend decreasing SCE&G's requested expenses by \$6.054 million. The adjustment to remove SCE&G's request for \$6.054 million of Storm Reserve Fund accruals is shown on Exhibit ___ (RCS-4), Schedule 1.

2. Storm Insurance Premiums

Q. WHAT HAS SCE&G PROPOSED IN THE CURRENT CASE FOR STORM INSURANCE PREMIUMS?

A. In the Company's Adjustment No. 28, SCE&G proposes increasing total O&M expenses by approximately \$3.058 million for the test year to recognize a storm insurance policy premium. SCE&G proposes to have ratepayers pay approximately \$3.058 million per year for SCE&G's storm insurance premiums.¹²

Q. HOW WERE THE COMPANY'S STORM INSURANCE PREMIUMS TREATED IN ITS PAST TWO RATE CASES?

A. SCE&G was previously granted permission to withdraw insurance premiums of \$2.72 million per year from the Storm Reserve Fund as a means of reducing the Company's

¹² See, e.g., Direct Testimony of SCE&G witness Swan, at page 23.

1 exposure to storm damage to its transmission and distribution ("T&D") systems. See
2 Docket No. 2007-335-E and Order No. 2007-680. In that request to the Commission, the
3 Company stated that in 2007 it located underwriters willing to provide insurance
4 coverage for T&D losses between \$95 million and \$155 million (meaning the coverage
5 originally had a \$95 million deductible and a \$60 million maximum payout). This policy,
6 which originally had an annual premium of \$2.72 million, was based on model
7 calculations of damage expected from hurricanes if landfall occurred in SCE&G's service
8 territory. In Order No. 2007-680, the Commission allowed the storm damage T&D
9 premium to be withdrawn from the Storm Reserve Fund until the next retail rate case
10 after Docket No. 2007-229-E.

11 In Docket No. 2009-489-E (which was the next SCE&G rate case after Docket
12 No. 2007-229-E), SCE&G proposed ceasing to charge storm insurance premiums against
13 including the Storm Damage Reserve Fund, and instead proposed a pro forma adjustment
14 to reflect the cost of these premiums in rates. In the Stipulations reached in that case, the
15 stipulating parties agreed that these premiums will continue to be charged against the
16 Storm Damage Reserve Fund. The effect of that agreement was to reduce pro forma test
17 year expenses. Based on the Stipulations and the agreements reflected in that case, the
18 Commission found that continuing to charge these premiums against the reserve was in
19 the public interest at that time and was supported by substantial evidence in the record.¹³

20
21 Q. WHAT IS YOUR RECOMMENDATION FOR THE STORM INSURANCE
22 PREMIUMS IN THE CURRENT SCE&G RATE CASE?

¹³ See Order No. 2010-471 at page 27.

1 A. I recommend that the Company be approved to withdraw the current actual amount of the
2 policy premium from the Storm Reserve Fund excluding any fees or study costs.

3 Because the premiums for future policies are unknown, the Company should be approved
4 to withdraw annual premiums not to exceed the current premium of approximately
5 \$3.058 million. SCE&G should also file an annual report with the Commission, with a
6 copy to be provided to ORS, when the storm insurance policy is renewed. This annual
7 report should address policy changes and detail the premium, deductible, and coverage
8 amounts.

9 This recommendation eliminates the Company's Adjustment No. 28 for storm
10 insurance premiums from base rates. This adjustment to remove the Company's
11 requested expense of \$3.058 million for storm insurance premiums from operating
12 expenses is shown on Exhibit ___ (RCS-4), Schedule 2. The adjustment to decrease retail
13 electric jurisdictional O&M expense is approximately \$2.97 million.

14
15 ***3. Federal Income Tax Expense – Impact from §199 Deduction for Domestic Production***
16 ***Activities***

17 Q. WHAT IS THE DOMESTIC PRODUCTION ACTIVITIES DEDUCTION?

18 A. To the extent that a company with electric generation operations has positive federal
19 taxable income, and otherwise qualifies, it can be eligible to take a deduction under §199
20 of the Internal Revenue Code, for Domestic Production Activities Deduction ("DPAD").
21 This is sometimes referred to as the Manufacturing Deduction.¹⁴ Because SCE&G has
22 electric generation operations, such activities are considered domestic production

¹⁴ In my testimony, in addressing this issue, the terms Domestic Production Activities Deduction, DPAD, Manufacturing Deduction, and Section 199 Deduction are used interchangeably.

activities, and thus SCE&G is eligible for the DPAD deduction if it has positive taxable income and meets the other requirements for claiming the deduction.

Q. CAN THE DPAD FOR A UTILITY BE IMPACTED BY PARTICIPATION IN A CONSOLIDATED FEDERAL INCOME TAX RETURN WITH AFFILIATES?

A. Yes. Participation in a consolidated federal income tax return can sometimes limit the amount of the DPAD that would otherwise be calculated for ratemaking purposes on a separate return basis. Because SCE&G participates in the SCANA consolidated federal income tax return, the tax position of SCANA could prevent SCE&G from claiming the full amount of §199 deduction on the consolidated federal income tax return.

Q. HOW IS THE DPAD DETERMINED FOR RATEMAKING PURPOSES ON A "SEPARATE RETURN" BASIS?

A. If current federal income tax expense is being determined on a "separate return" basis for SCE&G in the current rate case (as it appears to be), and SCE&G has positive federal taxable income (which it did in the 2011 test year, and would be expected to have prospectively with a rate increase), then the impact of the §199 deduction on SCE&G's "separate return" basis current federal income tax expense should be considered for ratemaking purposes. SCE&G's request for income tax expense for ratemaking purposes is based on computations on a separate return basis. SCE&G was in a taxable income position in 2010 and 2011, and computed a DPAD for its electric generation. SCE&G is also in a taxable income position on the "separate return" basis that is being used for SCE&G for ratemaking purposes in the current case. For its income tax calculation for

1 ratemaking purposes, SCE&G has assumed that it has positive federal taxable income
2 and has requested a positive amount of federal income tax expense for the test year on a
3 pro forma adjusted basis.

4
5 Q. ON WHAT FORM IS THE §199 DEDUCTION CALCULATED?

6 A. The §199 deduction for Domestic Production Activities is computed on IRS form 8903.¹⁵

7
8 Q. DID SCE&G PROVIDE CALCULATIONS FOR A §199 DEDUCTION FOR THE
9 2011 TEST YEAR?

10 A. Yes. SCE&G provided details on its calculation of current federal income tax expense in
11 its response to ORS 1-80. Those details show that SCE&G reflected a Manufacturer's
12 Deduction of \$9.844 million. This same amount also appears in SCE&G's FERC Form 1
13 for 2011 on page 261, line 24, Domestic Production Activities Deduction.

14 In response to AARP 1-76, SCE&G shows much higher amounts for the DPAD
15 that was claimed on its 2010 and 2011 income tax returns.

16
17 Q. DID SCE&G MAKE ANY PRO FORMA ADJUSTMENTS FOR INCOME TAXES
18 FOR THE DPAD?

19 A. No, it appears not.

20
21 Q. HOW SHOULD THE SECTION 199 DEDUCTION BE COMPUTED FOR
22 RATEMAKING PURPOSES WHEN THERE IS THE INTERPLAY BETWEEN A

¹⁵ A copy of the IRS form 8903 for tax year 2011 is included in Exhibit ____ (RCS-5).

1 "SEPARATE RETURN" BASED CALCULATION AND THE IMPACT OF
2 PARTICIPATING IN A CONSOLIDATED FEDERAL INCOME TAX RETURN?

3 A. If the jurisdiction uses strictly a "separate return" basis for computing income tax
4 expenses (i.e., consolidated federal income tax savings are not reflected for ratemaking
5 purposes), the calculation of the Section 199 deduction amount that is allocated to the
6 utility for ratemaking purposes should similarly follow the separate return basis income
7 tax calculation. If the amount of the allocated Section 199 deduction is lower from
8 participating in a consolidated federal income tax return than if it had been computed on
9 a separate standalone tax return basis, the separate return basis calculation should be used
10 for consistency. In essence, in such a situation, which appears to be applicable to
11 SCE&G, all components of the income tax expense should be computed on a standalone
12 separate tax return basis, including the §199 Deduction as a matter of conceptual and
13 computational consistency. It would not be appropriate to randomly quantify certain
14 components of an income tax expense computation on a standalone basis and other
15 components on a consolidated basis. This principle would appear to apply to SCE&G in
16 its current rate case. SCE&G appears to have computed its federal income tax expense
17 for ratemaking purposes on a "separate return" basis, with no reflection of consolidated
18 tax return savings. Accordingly, the amount of §199 deduction should be based upon
19 what SCE&G would be eligible for on a separate return basis, using the taxable income
20 that is it using to derive its claim for current federal income tax expense at proposed
21 rates.

1 Q. HAS SCE&G PROVIDED RESPONSES TO DISCOVERY SHOWING A LARGER
2 AMOUNT OF §199 DEDUCTION FOR 2011 THAN WHAT WAS REFLECTED IN
3 ITS DERIVATION OF 2011 CURRENT FEDERAL INCOME TAX EXPENSE?

4 A. Yes. The Company's response to AARP 1-76 shows calculations of the §199 deduction
5 that applied to SCE&G's 2010 and 2011 federal income tax returns. That information for
6 2011 should be utilized to adjust the amount of DPAD and federal income tax expense
7 requested by SCE&G in the current rate case.

8
9 Q. HAVE YOU PRESENTED AN ADJUSTMENT TO CURRENT FEDERAL INCOME
10 TAX EXPENSE BASED ON THE 2011 DPAD INFORMATION THAT SCE&G
11 PROVIDED IN RESPONSE TO AARP 1-76?

12 A. Yes. This adjustment is shown on Exhibit ____ (RCS-4), Schedule 3. Column A shows the
13 \$9.844 million of DPAD amount reflected in the derivation of the Current Federal
14 Income Tax Expense in SCE&G's filing. As shown in SCE&G's response to ORS 1-80,
15 the \$9.844 million Manufacturer's Deduction reduced SCE&G's electric taxable income
16 by that amount. SCE&G applied the 35% federal corporate income tax rate to its federal
17 taxable income (which had been reduced by the \$9.844 million DPAD). The \$9.844
18 million DPAD amount, when multiplied by the 35% FIT rate, reduced SCE&G's Current
19 Federal Income Tax Expense by \$3.445 million.

20 Columns B, C, and D reflect information on the 2011 DPAD, per SCE&G's
21 response to AARP 1-76. The \$19.517 million reflects the 2011 DPAD on a separate
22 company basis, without limitation. The \$16.244 million reflects the 2011 DPAD on a
23 separate company basis, with a limitation based on SCE&G's taxable income. The

1 \$18.311 million DPAD reflects the amount on a consolidated return basis, i.e., reflecting
2 a limitation on the DPAD associated with SCE&G's participation in the SCANA
3 consolidated federal income tax return. The amount of reduction to Current Federal
4 Income Tax Expense (beyond the \$3.445 million amount reflected in SCE&G's filing),
5 using each of these 2011 DPAD amounts, is shown on Exhibit __ (RCS-4), Schedule 3.

6
7 Q. HOW DID SCE&G'S CLAIM FOR 2011 BONUS TAX DEPRECIATION INTERACT
8 WITH ITS §199 DEDUCTION FOR 2011?

9 A. SCE&G's response to AARP 1-75 explains that:

10 For 2009 and 2010, the Company claimed all available bonus tax
11 depreciation. For 2011, the Company elected to claim bonus depreciation
12 for tax classes of property including MACRS 3, 5, 7, 10, and 15 year
13 property; however, the Company did not elect bonus depreciation for
14 MACRS 20 year property. **By electing out of bonus depreciation for**
15 **this class of property, the Company was able to increase its domestic**
16 **production activities deduction under IRC Section 199.** See our
17 response to AARP Request No. 1-73 for amounts of ADIT related to
18 bonus depreciation in this rate case filing.

19 (Emphasis supplied.)

20 Thus, SCE&G claimed less 2011 bonus tax depreciation and obtained a higher DPAD
21 under IRC §199 for 2011.

22
23 Q. PLEASE SUMMARIZE YOUR RECOMMENDATION FOR THE ADJUSTMENT TO
24 CURRENT FEDERAL INCOME TAX EXPENSE FOR THE 2011 DPAD.

25 A. As shown on Exhibit __ (RCS-4), Schedule 3, the amount of Current Federal Income
26 Tax Expense reflected by SCE&G in its filing for the 2011 test year should be reduced
27 for the impact of the 2011 DPAD. Because SCE&G is requesting a significant rate
28 increase, the increased revenues would increase its taxable income prospectively. I

1 therefore recommend that the 2011 separate return basis DPAD amount shown in
2 Exhibit __ (RCS-4), Schedule 3, column B, be used for the ratemaking deduction. This
3 reduces SCE&G's Current Federal Income Tax Expense by \$3.386 million for total
4 electric operations and by \$3.244 million for retail electric jurisdictional operations.

5
6 Q. AT THE TIME OF YOUR DIRECT TESTIMONY PREPARATION, WERE SCE&G
7 AND AARP CONTINUING TO WORK THROUGH SOME DISCOVERY MATTERS?

8 A. Yes. The South Carolina Supreme Court has explained that: "The object of the test year
9 is to reflect typical conditions. 'Where an unusual situation exists which shows that the
10 test year figures are atypical the [Commission] should adjust the test year data.'" *Parker*
11 *v S.C. Public Serv. Comm'n*, 313 S.E. 2nd 190, 292 (S.C. 1984). In order to evaluate
12 whether some of the operating expenses in the 2011 test year proposed by SCE&G reflect
13 typical conditions, AARP's data request set 2 to SCE&G had requested historical
14 information for a number of years. Some of that historical information had not been
15 provided by SCE&G, and SCE&G and AARP were continuing discussions about such
16 discovery matters. To the extent that SCE&G test year information is determined to be
17 atypical or unusual, additional adjustments may be needed.

18
19 Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?

20 A. Yes, it does.

Appendix RCS-1

QUALIFICATIONS OF RALPH C. SMITH

Accomplishments

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933*	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company -- Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)

U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R**	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA	
&76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA	
& 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179**	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001	
& ER-85647001	New England Power Company (FERC)
850782-EI &	
850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU	
& 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673-	Georgia Power Company (Georgia PSC)
29484	Long Island Lighting Co. (New York Dept. of Public Service)
U-8924	Consumers Power Company – Gas (Michigan PSC)
Docket No. 1	Austin Electric Utility (City of Austin, Texas)
Docket E-2, Sub 527	Carolina Power & Light Company (North Carolina PUC)
870853	Pennsylvania Gas and Water Company (Pennsylvania PUC)
880069**	Southern Bell Telephone Company (Florida PSC)
U-1954-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities
T E-1032-88-102	Company, Kingman Telephone Division (Arizona CC)
89-0033	Illinois Bell Telephone Company (Illinois CC)
U-89-2688-T	Puget Sound Power & Light Company (Washington UTC))
R-891364	Philadelphia Electric Company (Pennsylvania PUC)
F.C. 889	Potomac Electric Power Company (District of Columbia PSC)
Case No. 88/546*	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
87-11628*	Duquesne Light Company, et al, plaintiffs, against Gulf+Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)
6531	Hawaiian Electric Company (Hawaii PUCs)

R0901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
1.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174***	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
& U-1551-89-103	Hawaiian Electric Company (Hawaii PUC)
Docket No. 6998	Intrastate Access Charge Methodology, Pool and Rates
TC-91-040A and	Local Exchange Carriers Association and South Dakota
TC-91-040B	Independent Telephone Coalition
9911030-WS &	General Development Utilities - Port Malabar and
911-67-WS	West Coast Divisions (Florida PSC)
922180	The Peoples Natural Gas Company (Pennsylvania PUC)
7233 and 7243	Hawaiian Nonpension Postretirement Benefits (Hawaiian PUC)
R-00922314	
& M-920313C006	Metropolitan Edison Company (Pennsylvania PUC)
R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 &	
U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60**	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50**	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 &	Citizens Utilities Company - Gas Division
U-1032-93-193	(Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/	Sale of Assets CC&N from Contel of the West, Inc. to
E-1032-93-169	Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR*	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)
94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)

Non-Docketed	Citizens Utility Company - Arizona Telephone Operations
Staff Investigation	(Arizona Corporation Commission)
E-1032-95-473	Citizens Utility Co. - Northern Arizona Gas Division (Arizona CC)
E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
	Collaborative Ratemaking Process Columbia Gas of Pennsylvania
	(Pennsylvania PUC)
GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-
	Nuclear Generation Assets, & Transition Costs for Electric Utility
	Restructuring, & Consolidated Proceedings (California PUC)
96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and
	San Diego Gas & Electric Company (California PUC)
97-05-12	Connecticut Light & Power (Connecticut PUC)
R-00973953	Application of PECO Energy Company for Approval of its
	Restructuring Plan Under Section 2806 of the Public Utility Code
	(Pennsylvania PUC)
97-65	Application of Delmarva Power & Light Co. for Application of a
	Cost Accounting Manual and a Code of Conduct (Delaware PSC)
16705	Entergy Gulf States, Inc. (Cities Steering Committee)
E-1072-97-067	Southwestern Telephone Co. (Arizona Corporation Commission)
Non-Docketed	Delaware - Estimate Impact of Universal Services Issues
Staff Investigation	(Delaware PSC)
PU-314-97-12	US West Communications, Inc. Cost Studies (North Dakota PSC)
97-0351	Consumer Illinois Water Company (Illinois CC)
97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric
	Industry (Nevada PSC)
U-0000-94-165	Generic Docket to Consider Competition in the Provision
	of Retail Electric Service (Arizona Corporation Commission)
98-05-006-Phase I	San Diego Gas & Electric Co., Section 386 costs (California PUC)
9355-U	Georgia Power Company Rate Case (Georgia PUC)
97-12-020 - Phase I	Pacific Gas & Electric Company (California PUC)
U-98-56, U-98-60,	Investigation of 1998 Intrastate Access charge filings
U-98-65, U-98-67	(Alaska PUC)
(U-99-66, U-99-65,	Investigation of 1999 Intrastate Access Charge filing
U-99-56, U-99-52)	(Alaska PUC)
Phase II of	
97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed	Bell Atlantic - Delaware, Inc., Review of New Telecomm.
Assistance	and Tariff Filings (Delaware PSC)
Contract Dispute	City of Zeeland, MI - Water Contract with the City of Holland, MI
	(Before an arbitration panel)
Non-docketed Project	City of Danville, IL - Valuation of Water System (Danville, IL)
Non-docketed Project	Village of University Park, IL - Valuation of Water and
	Sewer System (Village of University Park, Illinois)

E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
T-1051B-99-0497	Proposed Merger of the Parent Corporation of Qwest Communications Corporation, LCI International Telecom Corp., and US West Communications, Inc. (Arizona CC)
T-01051B-99-0105	US West Communications, Inc. Rate Case (Arizona CC)
A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
PU314-99-119	US West, Inc. Residential Rate Increase and Cost Study Review (North Dakota PSC)
98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
U-00-28	Matanuska Telephone Association (Alaska PUC)
Non-Docketed	Management Audit and Market Power Mitigation Analysis of the Merged Gas System Operation of Pacific Enterprises and Enova Corporation (California PUC)
00-11-038	Southern California Edison (California PUC)
00-11-056	Pacific Gas & Electric (California PUC)
00-10-028	The Utility Reform Network for Modification of Resolution E-3527 (California PUC)
98-479	Delmarva Power & Light Application for Approval of its Electric and Fuel Adjustments Costs (Delaware PSC)
99-457	Delaware Electric Cooperative Restructuring Filing (Delaware PSC)
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